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NEWS RELEASE

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Professor Harold Shaffer, Director of the School of Retailing of Sir George Williams University will address the dinner meeting of the Club l'Alliance, Henry Morgan and Company Limited (Montreal).

NOTE - In his talk, Professor Shaffer develops a number of interesting themes. May I draw your attention to one of these that might be of particular interest to you. On page 12, paragraph 2, Professor Shaffer begins to make the point that a professional status should be accepted by today's retailers.

From the Office of: Trefflé Lacombe,
Assistant to the Principal.

IS RETAILING A PROFESSION?

Each of you has a copy of the results of a recent survey conducted by the Canadian Chamber of Commerce on public attitudes towards Canadian business. A representative cross section of Canadians were asked which of six industries - manufacturing; natural resources; agriculture; banking, finance and insurance; retailing, and service industries - contributed most to the country's prosperity. 2,200 respondents were asked to rank each industry's importance on a scale of values where 0 meant no contribution, and 100 signified a very great contribution. On this scale, retailers' contribution to prosperity ranked second lowest, just two points ahead of services.

The respondents were then asked to scale the number of people employed by each industry. Here, retailing did better. It ranked third with a 50, but manufacturing scored a whopping 85, and natural resources 51.

The last evaluation correspondents were asked to indicate was the opportunity to get ahead on the job. Again retailing came second to last, with 39 ~~46~~, ahead of agriculture with 27.

If these respondents had made considered judgments, they would not have treated retailing so shabbily. For example, retailing contributes enormously to Canada's prosperity. In 1961, it rang up sales of over sixteen billion dollars which, at retail, represented 43% of the gross national product, while last year retail sales approached $20,000,000,000.

But retailing does more than make an enormous contribution to Canadian prosperity; it is the bellwether for a large percentage of the

other five business segments that were surveyed by the Chamber. Economists now recognize that a healthy retail business automatically creates a healthy and productive economy, for unless retailers move great amounts of Canada's products out to consumers, manufacturers cannot buy and use up our natural resources, and this condition will create havoc in our primary, manufacturing, service, and financing industries.

Had the respondents been aware of the true retail contribution to Canada's prosperity, surely they would have placed it in the 1st or 2nd rank.

Now, let us examine the second question. During the last week of November 1961, the Census of Canada listed 587,378 Canadians as paid retail employees and 130,414 as working proprietors. This was approximately 11% of the total working force in Canada at that date. But these figures hardly tell the whole story. Retail employment rises considerably in December, while a great percentage of the 130,414 working proprietors operate small family-owned stores where the whole family works but receives no wages. Some authorities claim that one out of every six working Canadians is engaged in retailing and surely any of these statistics would put retailing high up in the first or second rank as an employer of Canadians.

Further, had the respondents examined the opportunities to get ahead on the job before ranking their third question, they would have again placed retailing near the top; for the very structure of retailing necessitates the use of large numbers of executives. In 1965, the

N.R.M.A. Controllers' Congress reported that retailing had one of the highest ratios of executives to total number of employees - 1 to 10 - and we know that with retailing expanding so rapidly, it could absorb many more qualified executives than it attracts.

Moreover, it is one of the few industries where education, per se, does not count as much in advancement opportunities as it does in the other industries under survey. Beginning retail skills can be learned on the job and advancement is judged on performance and not on the employee's diplomas or degrees. Although I have no Canadian figures, studies made in the United States bear out this contention. For example, Louis C. Lustenberger, President of W. T. Grant Company, reported to the N.R.M.A. Careers in Retailing Committee, in March 1962, that 11 national general merchandise chains were training 13,000 to 14,000 young men for managerial and executive positions out of a total of 598,000 employees, and that they employed more than 4,000 new trainees each year.

According to Mr. Lustenberger, the median starting rate for college graduates was $400. a month, while the median time required to qualify for a store manager's job was five years. In this survey, which, remember, was in 1962, starting salaries ranged from $7,000. to $10,000., with maximums from $25,000. to $73,000.

This survey illustrates the high percentage of executives to employees in the retail business, the great number of opportunities to get ahead quickly, and the satisfactory monetary rewards for those who can move up the executive ladder.

That many high level jobs in retailing are held by those with no college degree, but some college work; by those with high school

diplomas only, and by those with not even that level of scholastic background, was reported by Mr. Theodore Schlesinger, Vice-president, Allied Stores Corporation, in the April 1958 issue of Stores Magazine. Mr. Schlesinger analyzed the records of a group of stores in the eastern section of the United States located in industrial communities which could be described as small to medium size cities. None, and I repeat, none of these stores was in big metropolitan centers and therefore the findings were substantially understated from what they would be if the sampling was a more accurate cross section of the department store industry.

The college graduates in Mr. Schlesinger's study approximated only 25% of the total executive force in these stores. In order to be included, these college graduates would have already gone through their full store training period and have been assigned to an executive level job. Approximately 60% of these executives were 34 years or less, 25 of them had reached executive level in less than one year, 44 in less than two years, 66 in less than three years, 78 in less than four years, and 95 in less than five years.

Mr. Schlesinger's study reinforced that of Mr. Lustenberger, for the earnings of his group, and remember this was in 1958, ranged from $4,000. to almost $50,000., while the median was $7,200., the top quartile $11,100., and the top decile $16,300. Moreover, 10% of the executives over forty years of age were making $30,000. or more, 25% were making $20,000. or more, and 50% were making $10,000. or more. Of the 31-39 year bracket, 10% were making $15,000. or more, 25% were making $11,000. or more, and 50% were making more than $8,000. Even in the under-thirty-year group,

10% were already above $9,000., 25% were over $7,000., and half were well above $5,000.

Here is a direct quote from Mr. Schlesinger's report: "You may ask: 'How do these earnings compare with those of other industries?' We do not know, as there are few such studies available. From what little fragmentary comparable information we have, it seems that retailing has a record of which it can be proud."

On the basis of such information, the respondents should have ranked retailing in the first category.

What reasons then can we advance for the wide divergence of the public's image of retailing as portrayed by the respondents and the real facts?

Historically, the respondents were not too far out of line, for up to World War II, retailing, on the whole, was a highly independent, self-oriented industry. Merchants stocked whatever goods they thought their customers might want to buy and sold them at a price they thought their customers would pay. They stored this merchandise in their shops and waited until customers actually came in and made a purchase. In those days, the retailers' contribution to Canada's prosperity was minimal because, with few exceptions, they were simply storekeepers and not sophisticated merchandisers.

Moreover, as most pre-World War II merchants were content to wait for customers, they made little effort to move goods in and out of their stores as quickly as possible. Indeed, they were so ignorant of the possibilities of stock and capital turns, that when they had a little

extra money, they would invest it in merchandise and thus build up unnecessary stocks. Their reasoning was that when an item was sold, the difference between its cost and selling price was pure profit. Anybody with half a brain could see that. If you buy something for \$2.00 and sell it for \$3.00, you make a dollar, and because this equation takes no account of time, it is as true whether the sale was made the day after the item arrived or five years later.

Again, before World War II, stores were not very numerous, and as most of them were quite small and family-owned and operated, the number of people employed in retailing was relatively small, and so opportunities for advancement were minimal.

Thus, had the Chamber of Commerce survey been taken before World War II, there could have been very little disagreement with all its findings. Today, however, this image of retailing is as out-of-date as the belief that Queen Elizabeth II rules by divine right of kings. It took a revolution to dispel the concept of divine right, but it will require at least two revolutions to up-date the image of retailing and give it the stature in our economy that it deserves.

Is the present dichotomy that exists in the retail image due to the public's normal resistance to change, or does the persistence of what is now a myth lie deeper?

We know that retailing after World War II underwent a revolution, which began with a growing dissatisfaction among the masses of Canadian consumers towards traditional retailing and which was spearheaded by an out-group of non-merchants who capitalized on this resentment. The in-group of retailers followed the traditional pattern of revolutions

by first ignoring mass discontent, then trying to ignore it, and finally turning bitterly on the invaders and fighting them in a war that is still being waged.

Those of us who are sufficiently ancient can recall the great sigh of relief that Canadians uttered at the end of World War II. Now we could revert to the joys and sorrows of a normal existence. To retailers, this meant a return to pre-war competitive practices with its resale price maintenance and 9 - 6 store hours at large downtown locations. Any retailer who even doubted the rationality of this conventional way of conducting a retail business would have been judged a heretic by his peers.

Under this retail set-up, Canadian consumers, who were desperately attempting to replenish their wartime losses, were forced to shop between 9:00 and 6:00 and perform this major buying feat at physical sites that were exasperatingly difficult to get to, and frustrating to make purchases in. Moreover, they rightly felt that in a great number of instances the retail price structure was geared not for their benefit but for the retailers and their suppliers.

Yet, as consumers, they had no real choice of stores. If they wanted to satisfy a need, they had to go to a store, and all stores were run by men who complacently looked back and said "what was good enough for my fathers is good enough for me". Retailers simply refused to recognize that a new customer had evolved from conditions created by World War II and that they should revise their thinking accordingly.

So, as with all revolutions, the stubborn inability of entrenched retail leadership to break with tradition fanned a smouldering resentment

in Canadians and created a situation in which outsiders could assume a leadership that would not only be welcomed, but would be avidly supported by great numbers of consumers. These invaders were called discounters, and because they were not encumbered with retail traditions, they offered consumers realistic prices based on cost and services, made store hours convenient to the shopper, and moved into locations that were easily accessible to the greatest number of their clientele.

Customers flocked to discounters because they offered them a highly desirable competitive choice between one kind of store and another, and because, in spite of many glaring deficiencies, they satisfied a great number of shopping needs. Moreover, discounters provided a welcome release of the consumers' pent-up anger against the in-group's resistance to fulfill their fundamental reason for existence; that is, to provide the best possible service for their customers at the least possible cost to them.

As you know, the discount revolution began in the States and did not reach Canada for some years. At first, traditional retailers in the States looked upon the invaders as a fad. "Discounters will die out", they said. "It's merely a passing phase - our customers want the traditional services, store atmosphere and physical locations, which we offer, and once their curiosity of the discounter has been satisfied, they will return to us and be happy to settle down and trade according to the ways of our fathers."

But customers did not settle down, nor did they return to conventional stores. In fact, they became so disastrously disloyal to

traditional retailing, that the revolution began to take its toll and retail failures grew apace. Eventually, this frightened the survivors and they began to fight back in a war that still goes on and will only end in a compromise.

Again, true to form, traditional retailers in Canada watched the struggle between American conventional and discount stores with an "it can never happen here" detachment. Of course, they sympathized with their brother retailers in the States, but that was the extent of their effort and their ability to learn from history. Prices in Canada remained fixed, traditional store hours continued and so did locations.

Even when discounters finally moved up to Canada, the in-group refused to believe history. In Toronto, where the major discount revolution began, conventional retailers at first either ignored it with an "if we pretend that we don't see it, it will go away" ostrich reaction, or fought it superficially by making an effort not to stock the same items as those carried by discount stores and, in some instances, by reducing merchandise that <u>customers</u>, not the stores, could prove without a doubt was price-cut by discounters.

The cynicism or non-belief of traditional stores to recognize the meaning of the discount revolution was illustrated by a top executive officer of one of Canada's largest department store chains, who told a group of retailers at a Canadian Retail Federation Convention that their staff was instructed to meet discount prices, but <u>only</u> when a customer refused to pay the fixed resale price that the store still used. My horror at this unethical practice turned to dismay when I went window

shopping and saw a bank of this store's windows full of old dilapidated iceboxes, not refrigerators, with signs that informed shoppers that iceboxes like the ones demonstrated in the windows were worth $100. in trade-in value against a new refrigerator at list price.

The opposition of conventional retailers to revise store hours was typical of the lack of insight these merchants possessed of their real function in our society. Some of Canada's largest retailers refused to change their pre-war hours even during Christmas, until, presumably, the cost of maintaining this tradition, plus customer ill-will, forced them to recognize the consumers' new shopping time needs. Indeed, traditional retailers of all sizes and in every city, town, village and hamlet in Canada bitterly fought any revision of ancient closing bylaws when more modern and realistic ones were sought by discounters or the citizens themselves.

One final example out of many which could be used to demonstrate the conventional retailers' refusal or inability to meet change with change was their decision to maintain their physical plants as they were before World War II, and not to even consider enlarging them to accommodate Canada's population explosion. Traditional retailers only moved to the suburbs when consumers demonstrated the advantage of this technique by flocking to discount stores or to small shopping centres located outside the downtown core. In fact, it was only when this recalcitrant behaviour on the part of consumers became sufficiently serious to hurt sales and profits that conventional stores began to show an interest in shopping centre development.

However this new merchandising concept did nothing to change the

conventional retailers' indigenous lack of understanding of the post-war consumer, for they refused to modernize their downtown plants or to make them more attractive and convenient for the shopper. As a result, a cancer developed in the central cores of many of our towns and cities, which forced a great number of merchants to close their doors. Only within the last few years have traditional retailers begun to fight this cancerous growth by looking ahead instead of backwards, and spear-heading or at least co-operating with other interests in revitalizing our downtown business sections.

The purpose of this review is to demonstrate how conventional retailers fought desperately to maintain the status quo that existed before World War II, and that they only acted when their very existence was threatened. Moreover, this very hazardous fight for survival taught the traditional merchant nothing for he still retains to this very day retailing's old pre-war image. It is, therefore, no wonder that retailing's new status is not accepted by the public at large.

The traditional leadership's reaction to the Chamber of Commerce survey illustrates this stubborn belief that retailing has not changed since World War II. Most of the trade papers ignored the survey altogether, others printed it as a news story without comment, while a few ran "tut tut, let's do something about our horrible image" editorials.

The comments from the Retail Council of Canada, which claims it represents retailers of all sizes and trades, typifies conventional retail thinking. Their general bulletin dated October 29th, 1965 said: "The survey should leave no doubt in our minds that we, as a trade, have a considerable job of public relations to do." What an innocuous reaction to

the survey's strong condemnation of the retail industry!

The same bulletin reports a talk given by Mr. J. C. Barrow, the Council's President, to the Vancouver Board of Trade, in which he alluded to the survey by saying: "I believe that at least, to some extent, the public's opinion of the importance of an industry is reflected in the treatment that industry receives from governments." Obviously, Mr. Barrow was not so dismayed by the public's poor image of retailing as he was to the governments' reaction to this image!

The tragic inability of responsible retail leadership to recognize the consequences of the revolution that took place after World War II is being reflected in their inability to cope with the second revolution that retailing is presently undergoing, and which is not so easy for them to fight because it is based on professional administrative practices rather than expertise in merchandising techniques.

Retail leadership today should be concerned with the revolutionary administrative changes that will enable very large, highly complex marketing institutions to move billions of extremely diverse items from vendor sources to ultimate consumers as expeditiously as possible. However, thus far, most conventional retail leaders have reacted to this revolution in their traditional manner. They have sought guidance by going back to the days when a merchant's administrative problems were relatively uncomplicated because even the largest store was under one roof and the merchant had developed it himself from a very small store to its present size.

Moreover, he had little trouble obtaining competent help because the labour market was overextended and unsophisticated, and store employees generally worked under better conditions than those in factories and offices. Stores in those days were comparatively sanitary establishments where physical labour was minimal, the work-day relaxed and varied and usually full of highly enjoyable social experiences. Thus, competent executives, salespeople and other help were easy to hire and train and they remained loyal to the store.

Today, however, staffing a store is no longer a simple procedure, for working conditions have radically changed since World War II. Factories and offices now pay better wages, offer more pleasant environments, working hours and a higher status than retailing.

Yet traditional retailers continue to act as though they believe that the good old days still existed. For example, they are bitterly disappointed when they find that most of the help they hire come from an employment pool of those who have been unable to find more congenial work and so are forced to accept retailing's low status, salary scale, uncomfortable working hours and the feeling that they are machine tenders working under constant pressure. Naturally these employees resent their low status and unpleasant environment and react accordingly.

Mr. Jack Straus, Board Chairman of R. H. Macy and Company typifies the conventional retailer's unawareness of the reality of to-day's labour market for he was horrified at the number of instances of poor services that he had personally observed in Macy's and elsewhere.

These experiences shocked him so much that he told his stockholders, in November 1965, that Macy's was engaged in an all-out attack on poor customer services wherever they may be found. Characteristically. Mr. Straus blamed the unions and not his own ability to adjust to today's labour market for Macy's poor personnel situation.

When we examine the large stores' approach to their junior executive programs, we again see the same lack of understanding on the part of retail leadership to the facts of life in today's employment situation. Although some junior executives are promoted from within, an increasing number are sought from college graduates. Recruiting at this level is highly competitive, yet retailers offer graduates a career in an industry that is notorious for its poor image, low starting salary, peculiar working hours and an humiliating and extremely boring series of initial assignments.

Miss Edwina B. Hogadone, Dean of the College of Business at Rochester Institute of Technology, was so annoyed with the traditional retailers' unrealistic approach to college recruiting that she publicly scolded them in an address she gave the N.R.M.A. convention in January 1965. Miss Hogadone declared, "No longer can we use the promise of 'getting ahead faster in retailing.' . . . Retailing is competing with big business like the auto companies which last year hired 1,500 trainees at beginning salaries of about $7,000." She then went on to spell out in great detail the steps retailers should take to obtain college graduates.

As a result of retailing's unrealistic approach to college graduates, only those who cannot obtain positions in more inviting industries move into retailing. Yet more than half of even these low-end

graduates refuse to accept retailing's antique approach to junior executive training. Miss Hogadone reports that in a recent survey of a slim sampling of stores, the average loss of trainees at the end of the first year was 23%, by the second year another 16% resigned, and at the end of the third year only 49% of the original number remained. "It was from these," said Miss Hogadone "perhaps not the best of the original group, that future executives must be chosen."

A more tragic illustration of the traditional retailers' lack of understanding of what the second revolution is all about is their deliberate non-support of retailing at college levels. The United States has witnessed the unique phenomenon of a shrinkage in university retail education in the face of an unprecedented explosion of its university population.

Poor enrollment created by the lack of interest and support by American retailers forced the Graduate School of Retailing at the University of Pittsburgh to close down, and caused New York University's School of Retailing to be absorbed by its Schools of Business. In fact, whenever university heads of retailing departments meet, the guessing is "who will be the next to go." Thus retailing as a specialized science worthy of being studied at graduate and undergraduate schools is diminishing in the face of the industry's obvious needs for more personnel at this level.

Paralleling the shrinkage of university schools of retailing is the dearth [redacted] of textbooks and professional literature on this subject.

While textbooks on all other sciences are proliferating at a phenomenal rate, it's a red-letter day when a revised not an original textbook on retailing comes off the press. Now a revised text is a tired old book that has undergone a facelifting but still shows its age. It offers nothing new, it only attempts to look new.

Again, while students and practitioners of non-retailing sciences are hard put to keep up with the enormous output of professional literature, the only retail magazine that can claim professional status is the Journal of Retailing, published by the New York University Institute of Retail Management. This is a quarterly, not a weekly, a monthly, nor a daily; and I would not be surprised if it too were "merged" with one of the University's marketing or business publications.

Of course, as schools of retailing and retail publications at the university level disappear and are not replaced, the influence retailing can exert on undergraduates and graduates diminishes, and so does the number of recruits retailers can obtain from university sources.

How has traditional retail leadership met the challenge of the second revolution at the middle and upper management levels? Unlike the old-time merchant whose only specialist was an accountant, today's merchant must cope with specialists in marketing, personnel, office procedures, traffic, electronic data processing, research and so on. Because it's impossible for him to know intimately each of the functions that are performed in his organization, he must learn how to apply the findings of his specialized staff when he makes decisions that he hopes will further the business.

He must therefore not only be a merchant but a professional

administrator.

Yet most middle and top executives have been promoted from within and have not attended any outside courses in depth on professional administration. Thus, these executives only perpetuate the weaknesses inherent in the traditional approach to their organization's administrative structure. At the 1965 N.R.M.A. convention, Professor Milton P. Brown, Lincoln Filene Professor at Harvard, illustrated this fact of retailing's lack of understanding of the second revolution when he pointed out that while retailing produces 17% of the gross national income in the United States, only 2.7% of those who attended university programs were retailers. Among the reasons why retailers do not make more use of the programs, said Professor Brown, are the industry's tradition of growing their own executives through the ranks and the feeling that such programs were not tailored to retailing.

"University management training is not supposed to make better retailers but to build better businessmen" said Brown. "The objectives of these programs are to improve executive thought processes and analytical abilities, to broaden the outlook of the individual and to increase promotion potentials."

Even outsiders are amazed at the reactionary attitude that today's retailers have adopted. Mr. Charles K. Rudman, President of Kline Institute for Aptitude Testing, who in 1965 serviced some 1,300 companies in the United States, Canada and Europe, said in an interview with Mr. Samuel Fineberg of Women's Wear Daily: "Retail clients may be counted on the fingers of two hands and we have no significant department store business."

He then goes on, "department stores too often are ultra conservative institutions within institutional walls . . . they are bound by blinkers of tradition." One retail executive with whom Mr. Rudman had a discussion "left him with the impression . . . (that) he was afraid he might find chinks in his company's hiring and promotion armour and just didn't want to learn anything that might disturb the status quo."

Thus the traditional retailers' approach to their personnel at every level is not only tragically out-of-date, but it employs a peculiarly unique administrative technique, for it is based on the assumption that the lower an employee is situated in the organization's scale, the more time, energy and money must be spent in hiring and training him. While retailers then give mere lip service to the importance of competent junior, middle and upper management personnel, they actively participate in attempts to make their front line employees perform more effectively.

This inverse emphasis on personnel hiring and training seems to imply that traditional retailers believe that competent front-line employees automatically create competent junior, middle and upper management executives. If we apply this principle to the army, we must assume that it is good soldiers who make good N.C.O.'s, good N.C.O.'s who make good officers, and good officers who make good generals. However, most professional administrators would agree that it's good generals who make good officers, good officers who make good N.C.O.'s, and good N.C.O.'s who make good soldiers.

Moreover, the most successful generals have been those who overcame their enemy by discarding traditional methods of warfare and

developing new techniques of fighting. For example, Henry V defeated the flower of French knighthood with his English bowmen; and we saw how German mobility in World War II overcame the Maginot Line thinking of France and her European allies.

Of course, as long as everyone in retailing continues to operate along traditional lines, the status quo remains and the consumer will continue to pay for the inefficiencies that are inherent in the practice of traditional retail administration. But just as she was eager, even happy, to patronize the invaders of the first revolution, so she will rush to the non-retailers of the second revolution, who will offer her greater ease in solving her shopping problems than she is now receiving from traditional merchants.

Because the second revolution up to now has been far less dramatic than the first one, it is impossible to tell how far it has advanced and what new trends it has developed. Indeed, most of its events never make front-page headlines and are simply recorded in financial pages, trade papers, or in magazines like Business Week.

Nevertheless, we know that an early skirmish was the near victory of company raider Wolfson, who attempted to take over Montgomery Ward. Wolfson failed, but the Genesco Corporation, a shoe manufacturer, bought out the Kress Variety Store Chain in 1964, and in 1965 the Household Finance Corporation acquired City Products Corporation, a retail company that controls 3,020 retail outlets. Previous to this merger, Household Finance had purchased two retail subsidiaries that operated 978 franchise and 72 company-owned stores.

The motivation given by Mr. Harold E. MacDonald, President of Household Finance Corporation, who spent 22 years in retailing, for his company's invasion of the retail field is illuminating. He says, "the same talents that enable H.F.C. to merchandise small loans so successfully will work to produce profits in retail chain merchandising." And he has reason to think as he does for City Products with $393 millions in retail sales in 1964, only produced the traditional 2.2% profit, while H.F.C. with $201 millions in revenues, made a profit of 17.65%.

When those successful non-retailers who are continually seeking very large and well established organizations to conquer get around to studying the low net profit to sales and the low return to investment figures of traditional retail organizations and realize what profits an efficient retail administration could produce, we will witness a rapid acceleration of retail take-overs by outsiders.

A major difference between the invaders of the quiet second revolution and that of the dramatic first one is apparent from the examples I have just given. The outsiders in the second revolution are not small independent entrepreneurs like Mr. Eugene Ferkauf of Korvette's, who began his invasion with a few thousand dollars and an uninviting upstairs store location. Second revolution invaders are experienced and sophisticated administrators who have already proven their ability to operate large and complex organizations. These administrators will insist that competent executives run their retail holdings and this approach, which is so contrary to the traditional one, will not only radically affect retailing practice and procedures, it will change retailing's public image.

Because outside executives from the top down will have no retailing traditions, they will recognize retailing for what it is - a highly professional marketing occupation. And once they get over their surprise at discovering that it operates without any professional structure such as general research or standards or ethics, they will form associations whose avowed purpose will be to give it professional status.

These newcomers will see the value of converting a large part of the sums traditional stores are now donating to non-retail educational projects into retail channels. They will support general retail research and encourage the expansion of retail schools at university levels by large grants plus a vast increase in scholarships. They will also establish communication between themselves by holding inter-store seminars as well as by publishing and contributing to professional retail journals.

Moreover, they will actively seek to attract the top level of university graduates through powerful public relations programs, coupled with realistic starting salaries and in-store programs that will offer trainees a continuous challenge as they are guided through a variety of merchandising and administrative experiences.

As more and more professionals enter retailing, its public image will change. This in turn will attract the top group of university graduates as well as practising executives in other industries who presently look down on retailing as beneath their professional status. Thus, there will be a constant interchange of executive personnel with retailing and non-retailing experience, and this is bound to eliminate today's traditional behaviour and revolutionize our present concept of retailing.

While present day retail leadership cannot stop the second revolution, it can halt the invasion of non-retailers. To do this, however, the heads of retail organizations must recognize that if they continue to look to the past for guidance, what happened in the first revolution will happen again. Only this time, if they remain passive too long, they will not have the proper personnel to hold on to their business until they can train a sufficient number of professional administrators to stave off defeat.

However, as yet, there is no evidence that traditional retailers are alert to their plight. Perhaps their comparatively healthy sales and profits have lulled them into continuing their traditional behaviour. If this is so, they should remember that the first revolution took place precisely when retailing was experiencing as healthy a boom as it is now undergoing. In fact, it was the very success of the retail business that made invasion so inviting to outsiders. For these reasons I fear that traditional retailers will wake up too late and that we, in Canada, will witness an outside group of administrators superseding today's conventional merchants.

As junior executives in training in a traditional store, you lack authority and so, even if you recognized the implications of the second revolution, you can do little to revise store policy. But you can begin to prepare yourselves for the opportunities the second revolution will open up for young executives like yourselves. What you must do is train yourselves to accept change, dynamic change, revolutionary change, as a fact of retail life. Then you must learn how to become sufficiently flexible to turn these new concepts and techniques to your advantage.

At the same time, be diligent in your study of administrative principles and how they are practised, so that when the opportunity arises you will be competent to take over increasingly higher executive positions.

Lastly, make a habit of closely following economic and marketing trends, for they will alert you to the paths the second revolution is taking and offer you clues as to its future direction.

With this preparation and the continual study of the second revolution's progress, you will be able to associate yourselves with professional retail groups as they are formed and so be in a position to move on from there.

At this stage, however, I can only wish you good luck in your future endeavours. Thank you.

How Canadians Rated the Various Segments of Business.

The business categories chosen were:

The Manufacturing Industries
The Natural Resource Industries
Agriculture
Banking, Finance and Insurance
Retailing
The Service Industries

People were asked to rank them in the terms shown on the following chart which illustrates the results.

INDICES COULD RANGE FROM A MINIMUM OF 0 TO A MAXIMUM OF 100